

Message Text

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43

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 COME-00 INT-05 GSA-01 CIAE-00

INR-07 NSAE-00 /027 W

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R 121000Z MAR 76

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 4510

INFO AMEMBASSY PRETORIA

AMCONSUL CAPETOWN

AMEMBASSY GABORONE

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY MAPUTO

AMCONSUL DURBAN

LIMITED OFFICIAL USE JOHANNESBURG 0349

CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: BTRA, ETRD, EMIN, SF, MZ

SUBJ: VISIT OF AMERICAN BUSINESSMAN TO ACCESS CHROME ORE EXPORT
SITUATION

REF: A) STATE 055861 (NOTAL); B) DURBAN 0079 C) STATE 058256

1. PLEASE INFORM FETTER OF PPG INDUSTRIES THAT COMMERCIAL AND
MINERALS OFFICERS WILL BE DELIGHTED TO MEET WITH HIM FOR LUNCH APR
5. TIMING AND OTHER ARRANGEMENTS MAY BE MADE AFTER HIS ARRIVAL
JOHANNESBURG.

2. IN RESPONSE TO PARA 2, REF A, OUR SOURCES HERE CLAIM THAT MOVEMENT
OF SOUTH AFRICAN CHROME ORE THROUGH MAPUTO IS CURRENTLY A MIXED BAG.
REPORTEDLY, ALL RAIL SHIPMENTS OF SOUTH AFRICAN REPEAT SOUTH AFRICAN
CHROME ORE ARE CONTINUING TO MOVE NORMALLY ACROSS THE BORDER INTO
MOZAMBIQUE,

BUT THAT PRIME ORE CONTRACTOR, LARGE-CARRIER, LOADINGS AT THE PORT

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HAVE BEEN DELAYED SIGNIFICANTLY DURING PAST TWO WEEKS. CONVERSELY

SMALL SHIPS INTERESTED IN ACCEPTING LIMITED TONNAGES OF SURPLUS ORES ONLY (2,000-4,000 TONS OF ORE) ARE BEING LOADED WITHOUT TIME-DELAY DIFFICULTIES. SOUTH AFRICAN EXPORTERS HAVE EXPERIENCED THIS SITUATION IN THE PAST AT MAPUTO, GIVEN A HISTORY OF POLITICAL DIFFERENCES BETWEEN THE TWO COUNTRIES ON ONE HAND AND PERIODIC INTERNAL PORT LABOR PROBLEMS ON THE OTHER. THEY ARE THUS (FOR THE MOMENT AT LEAST) "WAITING FOR FURTHER DEVELOPMENTS" --ALBEIT NOT WITHOUT CONTINGENCY PLANS.

3. ALL SOUTH AFRICAN CHROME ORE EXPORTERS CONTACTED BY THE MINERALS OFFICER STATED THAT PLANS ARE WELL ADVANCED FOR A SHORT-NOTIC DIVERSION OF SHIPMENTS THROUGH DURBAN AS AN EMERGENCY MEASURE IF T NECESSARY, AND FOR MORE PERMANENT, LARGE-VOLUME, MOVEMENTS ON THE LONGER RANGE. THE OUTLOOK INDICATES THAT DURBANS PRESENTLY UNDER-UTILIZED PORT CAPACITY (REF B), ITS FURTHER DE-EMPHASIS VIS-A-VIS COAL EXPORTS (AS THE NEW RICHARDS BAY COAL PORT ESCALATES IN IMPORTANCE), AND POTENTIALLY ADJUSTABLE RAIL FREIGHT RATES TO THE PORT (CURRENTLY UNDER REVIEW) (FROM SOUTH AFRICA'S CHROME MINE AREAS IN THE TRANSVAAL) HOPEFULLY WILL COMBINE TO MAKE DURBAN SOUTH AFRICA'S PRINCIPAL CHROME ORE EXPORT PORT OF THE FUTURE.

4. FYI: A PARALLEL CONTINGENCY PLAN REPORTEDLY WENT INTO EFFECT SEVERAL DAYS AGO -- IN COPPER. WE UNDERSTAND THAT PALABORA MINING COMPANY SWITCHED ITS EXPORT SHIPMENTS OF COPPER METAL FROM MAPUTO TO EAST LONDON IN SOUTH AFRICA AS A SHORT TERM SAFETY MEASURE, BUT WITH LONG RANGE POSSIBILITIES AS WELL. SOUTH AFRICAN RAILWAY (SAR) AUTHORITIES ARE REPORTED TO HAVE GIVEN PALABORA AN EMERGENCY-ORIENTED DEPRESSED FREIGHT RATE TO EAST LONDON (790 MILES) COMPARABLE TO THAT PREVIOUSLY PAID BY THE COMPANY TO MAPUTO (175 MILES). THE DEPRESSED RATE IS A TEMPORARY EXPEDIENT ONLY, UNDERSTANDABLY UNFAVORABLE TO SAR, AND NOT EXPECTED TO REMAIN IN EFFECT FOR AN EXTENDED PERIOD. IT IS NONETHELESS CLEAR THAT THE SOUTH AFRICAN GOVERNMENT INTENDS TO PROTECT ITS OWN INTERESTS AND THAT A JOINT PALABORA/SAR EFFORT WILL BE MADE SOON TO FORMULATE CHARGES SUITABLE TO PALABORA'S ECONOMIC FRAMEWORK AND TO SAR. WE MAY EXPECT TO SEE SIMILAR, AND EARLY, ADJUSTMENTS IN FAVOR OF THE COUNTRY'S CHROME ORE EXPORTERS LIMITED OFFICIAL USE

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ALSO.

END FYI.
GUTHRIE

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